EMERGING OUTBOUND MARKETS:
Increasing Tourism Arrivals to the Caribbean From Non-traditional Markets

Paul Cohen, Vice President Optriant
ABOUT OPTRIANT AND PREFERRED HOSPITALITY GROUP

Optriant is a leading provider of representation, reservations, and consultancy services for tourism boards, cruise lines, destination management companies, airlines, and all sectors of the travel industry. Tapping into the collective expertise and reputation of Preferred Hospitality Group and its associates, Optriant supports its clients with comprehensive sales, marketing, and distribution solutions.

Preferred Hospitality Group is the parent company of Optriant, Preferred Hotel Group and the Preferred Hotel Group family of brands, Historic Hotels of America, and Historic Hotels Worldwide. With more than 210 professionals in 24 global offices, the company specializes in sales and marketing representation for travel-related companies.
Over the past six decades, tourism has become one of the largest and fastest-growing economic sectors in the world.

Despite occasional incidents, international tourist arrivals have shown virtually uninterrupted growth – from 25 million in 1950 to 278 million in 1980, 528 million in 1995, and over one billion arrivals in 2012.
International tourist arrivals worldwide will increase 3.3% per year from 2010 to 2030, reaching 1.8 billion by 2030 according to the UNWTO long-term forecast.
EMERGING MARKETS, EMERGING OPPORTUNITIES

Source markets for international tourism have traditionally been largely concentrated in the advanced economies of Europe and the Americas.

However, with rising levels of disposable income, many emerging economies have shown fast growth over recent years, especially in China, Russia, and Brazil.
Chinese tourism spending has increased almost eightfold in 12 years – from US$13 billion in 2000 to a record US$102 billion in 2012. Boosted by:

- Rising disposable incomes
- Relaxation of restrictions on foreign travel
- Appreciating currency
EMERGING MARKETS, EMERGING OPPORTUNITIES

In 2005, China ranked seventh in international tourism expenditure. Today they are first, overtaking long-time top spenders Germany (US$84 billion) and the United States (US$83 billion).
The Russian Federation is another emerging economy showing an impressive advance in recent years, moving up to 5th in 2012 on the back of a 37% growth to US$43 billion.
Brazil continues to outpace the rest of South America in its development as a major outbound travel market. Brazilian international tourism expenditure soared 50% from 2009 to 2010, rose a further 30% in 2011, and continued upward in 2012 to a total spend of over US$20 billion, good enough for 12th place internationally.
THE CHINESE OUTBOUND MARKET

• The Chinese middle class is already larger than the entire population of the United States, and in 15 years, it will reach 800 million. It has changed, and will continue to change, the dynamics of the world we live in, and have huge impacts on the global travel and tourism industry.
THE CHINESE OUTBOUND MARKET

- Leisure travel drives Chinese outbound travel demand.
- Sightseeing and shopping are key purposes of leisure trips.
- It is highly seasonal with peak periods in May, October and December.
- Chinese outbound travellers are interested in destinations beyond Asia.
- Young professionals with high income is the major consumer segment driving outbound travel demand in China.
The new Chinese tourist:

• Demands higher quality services and a sophisticated travel experience
• More likely to travel independently
• Wants to explore “off-the-beaten-track” venues
• Seeks holidays and activities that suit their personal interests
• Spends 35% of their budget on shopping
THE CHINESE OUTBOUND MARKET

• With over 600 million internet users in China, more than 80% of Chinese travellers research and educate themselves about destinations online.

• The travel agency is still dominating the booking channel, while online agents are growing quickly, especially for long haul trips.

• Chinese see travel as a form of self-expression. Sharing of travel experience through online platforms is increasingly popular, especially among young generations.
REACHING THE CHINESE MARKET

Tourism boards, hotels, and suppliers will need to alter their product for this growing market:

• Add popular Chinese dishes to full-service restaurant menus – including traditional Chinese breakfast Congee

• Feature one or more Chinese television stations in the guestrooms

• Introduce guestroom amenities such as toothbrushes and slippers, tea kettles, and Chinese teas
REACHING THE CHINESE MARKET

Tourism boards, hotels, and suppliers will need to alter their product for this growing market:

• Create Mandarin audio guides for attractions
• Introduce a concierge who speaks fluent Mandarin

Not all Chinese consumers are the same, and should be segmented accordingly.
REACHING THE CHINESE MARKET

Tourism boards, hotels, and suppliers will need to alter their product for this growing market:

- Review and modify Visa policies to allow Chinese Tourists entrance with a U.S. Visa
- Address credit card acceptance issues (China Merchant Bank and China Union Pay platforms and marketing partnerships)
REACHING THE CHINESE MARKET

Marketing Strategies:

• Partner with NTA approved U.S. inbound operators serving the Chinese outbound market to add your destination

• Develop relationships with the Chinese Travel Trade professionals that market the U.S and promote your destination as an add-on.
REACHING THE CHINESE MARKET

Marketing Strategies:

• Develop a relevant Chinese website. Chinese consumers usually check destination websites before clicking onto online forums and social media sites.

• Host your website in China to avoid potential censorship, achieve faster download speeds, and improve placement on search engine Baidu, which has over 80% market share in China.
REACHING THE CHINESE MARKET

Marketing Strategies:

• Customize website content in Simplified Chinese rather than merely using a translated version based on English and not completely relevant to the Chinese consumers, as irrelevant content will only serve to turn off site visitors.
REACHING THE CHINESE MARKET

• Develop an integrated multi-channel plan. Offline and online channels converge in China. As such various media need to be used in tandem with a consistent message to create the right channel.

• Digital and social media are the most influential media in China

• Public relations works differently in China than anywhere else in the world – for one it is not free. PR in China leverages the power of celebrities and key opinion leaders. It uses a mix of social media, traditional media and events.
THE RUSSIAN OUTBOUND MARKET

Russia is one of the world’s ripest markets for travel growth.

- Population of almost 150 million
- Average per capita GDP of Russia is at an all-time high – grew by 4.8% over the last 12 months
- Unemployment rate of 6.5% is lower than many European markets
- Russian outbound travel has grown from 2.6 million people in 1995 to over 11.3 million in 2011
THE RUSSIAN OUTBOUND MARKET

• Russians tend to favor destinations that they do not need visas or where visas can be issued on arrival.

• They have developed a taste for all inclusive holidays and like branded hotels and often choose five star properties.
They have more disposable income than most as their income tax is only 13% and many prefer to pay for their holidays in cash. However the market is segmented from the super-rich to young professionals.

They are keen to secure a bargain and will research and book online or a tour operator package to get the best deals.

Russians book very late – 80% of holidays are sold in the last four weeks before departure.
THE RUSSIAN OUTBOUND MARKET

• Russian tourists are adventurous. They are active, sociable and looking for new experiences. They seek destinations with spas, sports facilities, and culinary delights.

• Warm climates with outstanding beaches combined with the sense of history and culture all sell extremely well.
• Education tourism – significant numbers of Russians travel abroad to learn foreign languages and immerse themselves in different cultures.
• The popularity of group charters continues to grow.
• The Russian market has been traveling to Cuba for many years and is ready to explore other Caribbean destinations.
Russians have long summer family holidays from June through September. They typically take eleven holidays between late December and January 9th and another holiday around November 4th – their national day of unity.

Other holidays of note:

- Late April – Russian Orthodox Easter
- May 1st – Workers Day
- May 9th – Victory Day
THE RUSSIAN OUTBOUND MARKET

• The Russian travel trade industry is still quite fragmented as 70% of outbound tour companies are still small.

• The dominant players are Intourist, Capital Tour, S7 Tour and Transaero Tours Centre, Russkiy Express, Lanta Tour Voyage, Coral Travel, Uzniy Krest, KMP Group and Natali Tours.
THE RUSSIAN OUTBOUND MARKET

• Charter growth: TUI has spent more than $US60 million launching its brand in Russia.

• The biggest tour operators tend to focus on mass tourism and are less specialized in tailor-made tours that are favored by the consumers in the higher end of the market.
• Proactive outreach to travel industry partners is rewarded. Making the effort to build personal relationships is an investment worth making.
  – Intense focus on the group/charter market
  – Understand/research the competition
    • Vietnam
    • Thailand
    • Florida
    • Baltic/Adriatic
REACHING THE RUSSIAN MARKET

• A structured marketing and public relations campaign, which communicates the destination’s brand directly to the widest number of Russians who holiday abroad.

• Coverage in luxury Russian lifestyle magazines.

• Russia has a thriving travel trade media, including a Russian version of TTG.

• Proactive outreach to travel industry partners is rewarded. Making the effort to build personal relationships is an investment worth making.
Brazil is one of the fastest-growing economies in the world, home to a population of some 200 million.

- Consumers are enjoying employment and better incomes for the first time.
- Youthful – half the population was under 30 years old in 2010.
- Cornerstone of Brazilian culture is enjoying life to the fullest, having fun, and being able to spend on material goods and experiences.
- Travelling abroad is a natural extension of this lifestyle, traditionally exercised only by wealthy Brazilians, but fast becoming affordable to the masses.
THE BRAZILIAN OUTBOUND MARKET

- The U.S, Latin America and Europe are currently the top three destinations that Brazilians favor.
- Travel expenditure is particularly high in the U.S., where the average Brazilian spends US$5,000.
• The average Brazilian traveller tends to be young, well-educated and a higher income earner.

• Many Brazilians are now taking trips abroad for the first time.

• Independent travel is favored over packaged deals by the majority of tourists.

• Strong demand for high standards of service and luxury.
THE BRAZILIAN OUTBOUND MARKET

• Brazilians will trade up to higher-priced hotel accommodation when it is affordable.

• Discretionary expenditure is high, because Brazilians enjoy spending their money.

• Enjoy entertainment and nightlife – last to bed and first to rise.

• Do not spend much time in their hotel rooms.
Brazil’s nearly nine million LBGT people represent a large opportunity for destinations willing to show their commitment to this market through appropriate staff training, effective tailored communications, and the delivery of products and services that reflect the concerns of this growing tourism market.
THE BRAZILIAN OUTBOUND MARKET

Brazilians are the most technologically savvy citizens in Latin America, where online shopping and social media are well established.

• Travel agencies are an essential part of the booking process, but the OTA market is enjoying strong growth.

• Brands such as Viajanet, Decolar and Vai Voando demonstrate that Brazilians of all classes offer potential to the online travel market.

• Booking trends show that most Brazilians start the planning, researching and booking process one to three months before departure.
The outbound MICE market (Meetings, Incentives, Conferences and Exhibitions) also has enormous potential as Brazil’s economy grows.

- Major Fortune 500 corporations are now relocating and/or opening offices in Brazil and work with meeting planners to research and identify opportunities.

- Industry sectors include financial, automotive, insurance, consulting, pharmaceutical, and IT.
The Caribbean is geographically desirable to the Brazilian outbound market and offers all of the tourism attributes that this market is looking for. The Caribbean is accessible to the Brazilian market with convenient connections on Copa, AA, and other carriers, and most Caribbean nations allow Brazilians to travel without a visa.
REACHING THE BRAZILIAN MARKET

Brazil has approximately 8500 travel agencies, 90 tour operators but 95% of these have less than 10 employees and only 20% book international trips.

- Important to identify and build relationships with the 20%
- Market is extremely competitive
- Travel trade is working inbound and outbound as World Cup and Olympics near
- Connect with both the Brazilian Tour Operators Association (BRAZTOA) and the Brazilian Travel Agencies Association (ABAV).
EMERGING MARKETS, EMERGING STRATEGIES

- Establish Destination Brand Awareness
- Maintain and Grow Brand Awareness to Drive Arrivals
- Increase Destination Brand Relevance
- Develop Destination Integrated Marketing Plan with Focus on Travel Trade
- Create Digital Footprint in Market
- Increase Industry Alignment and Partner Engagement
EMERGING MARKETS, EMERGING ECONOMIES

Tourism: The fastest path to a strong economy, jobs and opportunities for Caribbean Nations.

Increased arrivals from the emerging markets strengthen the economy and lead to increased hospitality investment.
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